Liberty

NOT THE DAUGHTER BUT THE MOTHER OF ORDER — PROUDHON

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"For always in thine eyes, O Liberty!
Shines that high light whereby the world is saved;
And though thou slay us, we will trust in thee."
JOHN HAY.

Problems of Anarchism.

LABOR.

4.—*Limitations of the Effect of Competition on Wages.*

All Socialists and most labor reformers assert that competition as an industrial force is destructive of the interests of the working class, and believe that by its elimination alone can the laborer become free. A clear analysis of the working of competition, its effects and limitations, does not sustain this view. To the absence of competition, as before intimated, we may with equal reason charge the economic disabilities of the wage-workers. As in other errors of Socialist economics, I believe that this one is derived from the orthodox expounders of political economy. Competition is assumed by them to be in perfect operation under what they are pleased to accept as industrial freedom in modern capitalistic society. Production and exchange are conducted in accordance with this principle, which operates with no less force in the realm of distribution. But, while we need not dispute the motive power of competition in capitalist production and exchange, when it comes to the distribution of wealth and the determination of the laborers' share no such general principle prevails. Yet the economists assume its existence, and thereupon justify the present result of distribution and wage system, while the Socialists find fault with distribution and the unjust reward of labor, and denounce competition as the source of the evil. At this point begins the confusion of ideas on the subject. Atmospheric pressure is equal to some fifteen pounds to the square inch, and no evil results, because it is distributed equally from every side; but once let this equality of pressure be set aside, and the force of atmospheric weight at once becomes dangerous. In theory competition with the economists is like the normal pressure of air,—it is perfect when acting in all directions; but in reality it never is so,—a fact they too often forget. Moreover, it is impossible that competition could fulfil the theory under any conditions that have ever existed. Certainly the present system is far from such a consummation. So that those who exalt competition as a perfect economic regulator and those who assail it as the cause of existing wrongs are equally under a delusion.

A narrow view of the subject is displayed by those who on seeing that low wages are connected with a particular aspect of competition, attack the whole principle in all its relations and demand its abolition, without studying the other elements that affect the price of labor and determine the extent of the operation of competition itself. So that, instead of treating a primary and natural force inseparable from the free relations of men as the source of the robbery of labor, a broader view would reveal monopoly in its various forms propped up by authority, restriction of industry and the demand for labor chiefly through an inadequate medium of exchange, as more potent elements in the case.

The limited scope of competition under present conditions in the problem of securing the just reward of labor has been noted by a few economists. While it is practically inoperative between different industrial grades, it is unduly intensified between the members of each class, especially in the lower ranks of labor, wherein supply is artificially maintained beyond the effective demand and wages at the lowest point. Education, social position, and privileges arising out of the command of wealth determine the degree of competition to which the members of each class are exposed. Differences of income, except within the same industrial grade, are due neither to general competition nor the economic value of the services rendered. The higher grades have a monopoly of advantages not possessed by the classes below, which serves to explain the want of relation between the utility of services and their reward. Hence this social monopoly depending on the monopoly of wealth tends to defeat competition and prevents the equalization of the benefits it would otherwise produce.

This view is, however, applicable only to a transitional stage, and tends to become less important with the progress even of capitalist society. In America it is of less account than in England, though competition there continually grows more effective. Education as commonly understood has become of less value in earning a living than the ability to perform almost any kind of manual labor. While no less requisite than formerly, it is now but an adjunct to some sort of specialized training, and, as mere education in the academic sense, has no market value except in pedagogy. A literary vocation is worth less from the pecuniary standpoint than hod-carrying, taking, not the rare specialists whose big earnings are very exceptional, but the combined returns of all who follow it for a living. Owing to the wide facilities open to almost all classes for acquiring the usual medical or legal training, these professions, reckoning all who are in them, compare unfavorably with the average earnings of a skilled mechanic. In Germany and France the glut in the professions is still greater than in the United States. Such are the leveling tendencies of a more general competition. Not the grade or calling that will in future count, but the individual qualities of each in the earning of a livelihood. Specialists in any branch whose services are of great utility in the conditions at the time prevailing, men of genius, great organizers, orators at the bar, and all whose peculiar qualifications supply excessive and intense needs must as at present, however great be the economic reforms, secure to themselves remuneration phenomenally high. I cannot accept the usual Socialistic view, not uncommon among Anarchists, that the qualities of this kind will disappear.

The wages these classes obtain for their services are not likely, even under much freer conditions than now prevail, to be brought down by competition to the common level; though average work not specialized into individual monopolies must inevitably become equalized in value and remuneration. The effects of competition with regard to commodities may with safety be postulated, but not in the case of men. To identify labor and wages with commodities and their prices is the source of much confusion in theories on the subject. Nearly all the economists have done so, and with their "economic men" travestied the method and purpose of scientific investigation. Karl Marx, though setting up as a critic of the classic and vulgar teachers, in working out his special theory adopts most of their pseudo-laws, treating labor and commodities as economically identical and subject to the same laws; while in the parts of his work where his theory is not under discussion he recognizes this and many other fallacies,—such, for example, as the reduction of all labor to a quantitative standard measured in hours of work,—which are essential to the elaboration of the doctrine of surplus value.

WM. BAILIE.

A Problem for Mr. Schilling.

Friend Schilling:

I am much interested in the controversy between you and Trinkaus, in which you contend that money is capital. I rather think Trinkaus is correct in charging that you confuse the symbol with the thing itself. Capital must be some form of wealth, under certain conditions. If you can show that money is a form of wealth, then you are right, for the conditions which segregate capital from other forms of wealth all inhere in the form of money. But you will first have to justify your contention that the representative of wealth *is* wealth.

Let me cite you an illustration:

A has a business house, in which he also lives, but his business and family are growing, and he cannot longer be comfortable in the narrow confines of the shop. His property is worth $10,000.

B has a residence, which he wants to sell, as he is about to remove from that community. The residence is worth $10,000. It is just the place A wants. But his business requires his ready capital, and, when B offers to sell him the residence, he is in a quandary.

But B is a member of a coöperative bank, and he suggests to A that the coöperative bank will take a lien on his business house and also on the residence,—the combined value of the properties being $20,000,—and will issue the notes of the bank in the amount of $10,000 on this security worth $20,000. A avails himself of this method; the negotiation and transaction are made; A owns both residence and store-house, and B has the money. In the morning, before the transaction, the combined "visible wealth" of A and B was $20,000. In the afternoon, after the transaction, there is, according to your view, extant $30,000 worth of wealth, fifty per cent. of which was created in the twinkling of an eye. According to my view, and Trinkaus's, the transaction did not create any additional wealth. The issue of the money was merely a representative of wealth already in existence, and itself was not wealth, and, not being wealth, neither can it be capital, for, while all wealth is not capital, it is undeniable that all capital is wealth.

I may be wrong, and, if so, I wish you would set me right by clearing up any fog you may find in the above illustration. Truly your friend,

HERMAN KUEHN.

Mr. Schilling's Solution.

To the Editor of Liberty:

If A and B negotiate with the coöperative bank, as indicated, to facilitate this transaction, and B is compelled to "put up" both residence and store as security in consideration for the money, then it is not true that "fifty per cent. was created in the twinkling of an eye," because the bank really parted with $10,000, which Mr. Kuehn seems to forget. Further, B does not own the residence and store absolutely, but conditionally.

In the morning A had residence worth	$10,000
B had store worth	10,000
Bank had cash,	10,000
Total,	$30,000

After the transaction the bank simply passes the money from its drawer to A's pocket, leaving the property in B's name conditionally, and places B's mortgage in the drawer which in the morning contained the money. Now, where is the fiction?

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Liberty.

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"In abolishing rent and interest, the last vestiges of old-time slavery, the Revolution abolishes at one stroke the sword of the executioner, the seal of the magistrate, the club of the policeman, the gauge of the exciseman, the erasing-knife of the department clerk, all those insignia of Politics, which young Liberty grinds beneath her heel." — PROUDHON.

☞ The appearance in the editorial column of articles over other signatures than the editor's initial indicates that the editor approves their central purpose and general tenor, though he does not hold himself responsible for every phrase or word. But the appearance in other parts of the paper of articles by the same or other writers by no means indicates that he disapproves them in any respect, such disposition of them being governed largely by motives of convenience.

The Capital Controversy.

Considering that the question whether money is capital is considered by so considerable a person as Mr. Wordsworth Donisthorpe not worth considering, it will doubtless surprise him to find it considered in this issue of Liberty by a large number of considerable persons, including himself. Following his example rather than his precept, I join in this general consideration.

Here is my argument.

Major Premise. Everything not labor that plays a part in production is capital.

Minor Premise. Money is a thing not labor that plays a part in production.

Conclusion. Money is capital.

In weighing this argument it should be borne in mind that by labor I mean *human* labor exclusively, and by production *all* the processes through which wealth passes in preparation for use in a given form.

Will my major premise — which happens to be also a definition of capital — be denied? If so, on what ground? It seems to me that the very purpose of the word *capital* is to distinguish the non-human factors in production from the human factor, and that its value in economic terminology lies precisely in this distinction. I do not think it possible to so define the word that it will clearly and definitely establish any other distinction, except by absolutely and arbitrarily severing it from all relationship to the idea of production; and such relationship is implied in all the definitions that I have ever seen.

Will my minor premise — which is not a definition of money, but only such partial description thereof as is essential to the syllogism — be denied? Hardly. At any rate, I do not find that it is denied by any of the participants in this discussion. Mr. Donisthorpe unquestionably admits it in classing money as a tool; Mr. Fisher does not dispute it; Mr. Porter expressly declares that money is indirectly productive; and Mr. Trinkaus by implication says the same, for his definition of capital, framed expressly to exclude money, is "only that which *directly* aids in production of substances." And indeed how could the statement that money is a factor in production be rationally disputed? If it is not, why do we use money at all? Why do we not abolish it? We certainly could do as well without it, if it is of no service in production.

As for my conclusion, no one possessing the slightest logical faculty will maintain that there is any escape from it if neither premise be denied.

Whatever battle there may be against my position will doubtless wage around the major premise. Exceptions will be taken to the definition of capital. But show me another and a better one. Show me one as good. Show me a definition that defines.

Mr. Donisthorpe's certainly will not do. Capital, he tells us, is "that the value of which is due to the value of its products." He tries to show by analogy that this definition serves a practical purpose. But his analogy does not hold. The word "ripe," which he selects for comparison, does to some extent distinguish. We know the distinctly unripe peach from the peach which seems to us distinctly ripe. The latter may not be the perfection of ripeness, but, provided our senses detect in it neither unripeness nor decay, it is to us ripe. Although between the unripe and the ripe there are some cases to us doubtful, we do by the word "ripe" distinguish clearly between the peaches on one side of the doubtful cases and those on the other side. The distinctly unripe do not partake of ripeness; the distinctly ripe do not partake of unripeness. The two classes are mutually exclusive. But Mr. Donisthorpe's definition of capital reveals no mutually exclusive classes at all. All capital is fruenda in some degree; all fruenda are capital in some degree. We discover nothing that is distinctly capital, nothing distinctly fruenda. Not only are there *some* doubtful cases; *all* the cases are doubtful. Mr. Donisthorpe's definition lacks the very merit which he claims for it; it is not practical. We may allow it a theoretical merit, since it is at least a clear conception; but it certainly is not a good working definition, for it furnishes no actual classification of which we can speak securely. Its author admits that "it would be a mockery to describe as capital some things which logically fall into that category," such as bicycles, "which may be used for production, but the price of which is determined by the demand for bicycles as a means of direct gratification." But would it not be equally a mockery to exclude from the category of capital the piano, when so many professionals are using it as the tool of their trade? Yet it is in precisely the same position as the bicycle. It may be and is used for production, but its price is determined by the amateur demand. The definition, moreover, leads to conclusions manifestly absurd. If I, a dealer in boots, have my store-shelves filled with them, I have no capital, according to Mr. Donisthorpe; but, if I have thousands of pairs on the top of the Himalayas, then I have a large amount of capital. Clearly, under Mr. Donisthorpe's definition, it is better not to be a capitalist. Ridiculous!

Mr. Trinkaus's definition aims to distinguish between the direct factors in production and the indirect. I find this distinction difficult to grasp. Both Mr. Trinkaus and Mr. Porter, if I understand them, look upon manufacture as direct production and upon distribution as indirect production. To me, if there is any difference, the latter seems the more direct of the two. Certainly it more *immediately* precedes consumption, and that is most direct which is immediate. I see no sense or use in the distinction. It seems to me that the desire to make it arises from a failure to thoroughly realize that distribution is as true and essential a part of production as is manufacture. Moreover, I do not think that Mr. Trinkaus's definition expresses his real attitude. For instance, it is scarcely possible that he does not consider locomotives capital, and yet, taking his conception of directness, the locomotive is as indirect a factor in production as is money, both being tools for saving time and labor in exchange.

Mr. Porter differs with Mr. Trinkaus in that he includes under the head of capital both the direct and the indirect factors in production. He says that the capital of a community is its accumulated savings. This may pass as equivalent in substance to my own definition, though less accurately framed; the definition, as Mr. Porter puts it, is not strictly true unless it be assumed that the savings are consumed productively.

Mr. Porter's definition obliges him to class gold and silver money as capital. He does not see, however, that it also obliges him to class representative money as capital. This is the more strange because he affirms that representative money performs the same function that gold and silver money perform, and even in a superior manner. Now, capital being determined purely by function, it is obvious that whatever performs the function of gold and silver money is as truly capital as gold and silver money. But I see where Mr. Porter's difficulty lies. It is the same difficulty that besets Mr. Trinkaus and Mr. Kuehn. All of these gentlemen perceive that only actual wealth can be capital, and all of them agree in the opinion that representative money is not actual wealth. Now, this last opinion arises, in my judgment, from an erroneous conception of the nature of money, for which conception the term "representative money," which, strictly speaking, is a misnomer, is largely to blame. This term seems to warrant the supposition which these gentlemen entertain that the paper representing wealth is itself the money (and indeed in every-day life there is no harm in so calling it), whereas in reality the money is not the paper, but is the monetary power, or function, or capacity, naturally inhering in the wealth which the paper represents. This monetary power is one of the uses of that wealth, and is therefore actual wealth. The discovery that all wealth having an appreciable and reasonably stable value is capable of this monetary use was in itself a vast addition to the wealth of the world; for, when a new use is found for any article of wealth, there is just as truly an increase of wealth as if the article had increased in quantity. The true monetary capital of a community is measured, not by its actual coinage or by the amount of its actual paper issues, but by the extent of its power and the power of its members to coin and issue. A man who has one hundred thousand dollars' worth of machinery upon which he can issue and float fifty thousand dollars in paper has just as much monetary capital before the issue as after it. In issuing the paper he simply begins to use his wealth in an additional way. Previous to the issue he is in possession of just as much monetary wealth, but it is lying idle. Nevertheless, though lying idle, its competitive

influence upon the money-market is as great, or nearly as great, as that which it exercises when in use.

This makes it plain that money, *all* money, is actual wealth, and thereby is removed the only obstacle to the conception of money as capital. Mr. Kuehn may find here the solution of the problem which he proposes to Mr. Schilling. The ten thousand dollars in bank-notes which he supposes to be issued by the bank to A and B was not "created in the twinkling of an eye." It had existed all the time as the monetary wealth of A and B. They simply transferred this monetary power to the bank by mortgaging their property to it, whereupon the bank began to use the said monetary power by issuing notes in its own name and handing them over to A and B, the bank here performing the same service that is performed by the registry of deeds office in the case of land transfers, — that of making the title more secure in the eyes of the parties interested or liable to become interested. Mr. Kuehn is right in saying that the transaction created no additional wealth, but he is wrong in thinking that the wealth previously existing in the hands of A and B was not in part monetary wealth, and therefore capital. Mr. Schilling, on the other hand, is right in maintaining that money is capital, but he is wrong in replying to Mr. Kuehn that the bank parted with ten thousand dollars, for this is contrary to Mr. Kuehn's hypothesis, which was that the bank did not have any paper in its safe, but issued the paper against the mortgages, without which it could not have made any issue.

Money, then, is capital. The principal cause of existing social injustices lies in the fact that this capital, through chicanery and for purposes of fraud, has been limited in amount, and given an artificial value, by arbitrarily and tyrannically forbidding every species of wealth, except gold and, to some extent, silver, to exercise its natural and legitimate monetary function. These injustices can only be wiped out by the liberation or virtual re-creation of all this capital through the demonetization of gold and silver, or — what is the same thing — the monetization of all wealth.

T.

When Is It "Mean" to Strike?

The recent railroad strikes in the United States, as well as the strike of the Lancashire cotton-spinners, are no longer matters of much interest to the general public, but to the irrepressible would-be "labor-reformer" who battens on them and to the parties directly concerned they are still affairs of considerable importance. My justification, therefore, for my animadversion and present reference to the topic lies in the fact that there are some people still interested, and in the following editorial utterance of the New York "Evening Post":

> If our American laborers would seek the advice of competent men, would cease to take mean advantages (as by strikes during the World's Fair, for example), would pay some regard to the capitalist and his right to a profit, and in general would act like sensible men in demanding only what on examination should prove to be just, they would turn public opinion a long way in their favor. We might then in time cease to regard a labor union as a terror and a menace to all business.

This eminently proper advice to workingmen is perfectly worthy of Mr. Godkin. I can well imagine that a labor union is "a terror and a menace" to the business of the editor of the "Post." Public opinion, every one knows, is fickle. It cannot be coaxed or cajoled or even induced by entreaty to look with favor upon the cause of any organization or body of people that does not pay some regard to the capitalist's "right to a profit." This profit, this share of the laborers' product which capitalists are able to take but do not earn, is a fetich to which public opinion, ever supple of the knee, gracefully gives homage. And labor is patronizingly admonished to "pay some regard" to the theft, made possible and abetted by legal restrictions, of a part of its product, in order that it may obtain a modicum of the hypocrisy of subservient public opinion. What insolence! But I do not apprehend that this charmingly seductive counsel will be very generally heeded by those to whom it is tendered; I should be inclined to opine, rather, that the "Post's" proposal will be, quite sensibly, treated with the profoundest contempt.

But the most sententious pusillanimity is contained in the "Post's" suggestion that laborers "cease to take mean advantages (as by strikes during the World's Fair, for example)." What does this amount to? Simply that laborers should not strike when anything can be gained by striking. Why is such an advantage a "mean" one when it is obtained without the use of invasive force or without any volition whatever of the strikers? That there is anything "mean" about strikes (otherwise defensible) during the World's Fair is all nonsense. To claim that there is is to assume that men are under obligation to work during the World's Fair. If they are, to whom are they under obligation? Manifestly to nobody to whom they are not bound by contract. If, then, a man is bound to work at one time no more than at another, why should he not take advantage of this inconvenience of his employer or make use of this contingency to better his condition? His doing so simply shows that he is exercising ordinary common sense; it is not even evidence of extraordinary sagacity. A man who would postpone striking until his employer could easily dispense with his labor could be considered as nothing but a numskull. It is plain, therefore, that the "Post's" gentle reproof of the World's Fair striker will, if the latter is still in possession of his normal mental faculties and is naturally only half as idiotic as the editor of the "Post" presumes him to be, fall upon deaf ears.

C. L. S.

Differing Concepts of Capital.

To the Editor of Liberty:

Why do our friends Trinkaus and Schilling persist in disputing about the correct meaning of the term "capital" and as to whether money is or is not capital. They should know by this time that the word "capital" is popularly used, not for a single definite notion, but for quite a number of heterogeneous concepts. For this reason almost every writer on economics essays a definition that will embrace under one head those various meanings. The confusion is due to the attempt of explaining the economic cause of interest without giving the true explanation.

The only possible reason for separating wealth into two classes — wealth pure and simple on the one hand, and capital on the other — is the observed phenomenon that some wealth on certain conditions can return a persistent income to its owner. This is the basis of Adam Smith's definition. But, since the attempt has been made to trace interest to the assistance of wealth in production, the definition has been modified to embrace those products of labor used for further production. These two definitions are heterogeneous. Money is embraced in Smith's definition and is excluded by Mill's definition. Others have devised hybrid definitions; hence the confusion. It is my opinion that every one using the term "capital" in argument should first tell what he means by it and should consistently use it, and his opponents should not attempt to force their meaning upon him.

HUGO BILGRAM.

PHILADELPHIA, MAY 9, 1893.

Whether Money is Capital.

To the Editor of Liberty:

In your issue of the 8th ult. (No. 266) appears an article by George Schilling entitled: "Is Not Money Capital?" in criticism of some words of Mr. Trinkaus. It seems to me that, as it now stands and without further explication, this article may cause some confusion and misunderstanding.

The difficulty, of course, arises in the use of the word "capital." This word is the source of so much error and mystification that in any discussion in which it is of importance some definite meaning should first be assigned to it, — and carefully adhered to throughout. As exemplification: in the second paragraph, after speaking of "capital *and other kinds* of wealth," Mr. Schilling says that money exchanges itself for capital because it is "actual labor performed — wealth," implying that money is not of that kind of wealth which is capital, but of some other kind; yet the *raison d'être* of the article is to prove that money *is* capital. Again, in the third paragraph, it is asked: "Could any of these (*i. e.*, plant of manufacture) add anything to wealth unless in coöperation with labor and money?" Obviously the answer is not "no," as Mr. Schilling would assert, but "yes." Money is not essential to the production of wealth, though under certain societary forms it may be of the utmost importance. Production and its concomitant consumption might be carried on by direct barter, or in some such way as the Communists advocate, or Edward Bellamy in his "Looking Backward."

The economists say that the capital of a community consists of its accumulated savings, — *i. e.*, the total wealth of the country at any given moment: their subsequent confusions and departures from this meaning may pass unnoticed as perhaps unintentional.

Now, at any given moment, of the total unconsumed products of past labor, part is *directly* productive, — *e. g.*, factories, machinery, etc., used in transforming or working upon raw material, — and the rest only indirectly productive, as, for example, food, clothing, shelter, and other necessities or luxuries, partially transformed raw material, and wealth used in the businesses of distribution (railways, roads, canals, shops, warehouses, carts, etc., and gold and silver), in the professions, and in other trades rendering services only. All the produce of a country is produced by manufacturers and agriculturists with the aid of directly productive capital, and part of this produce goes to support men who render services only, by the aid of indirectly productive capital.

Hence by this definition money (*quâ* gold and silver or actual wealth) is capital, albeit of the indirectly productive kind. But it must not be forgotten that this distributive function of facilitating and rendering equitable and decisive to a close approximation the exchange of commodities and services, and of enabling a man to defer his claims for wealth on the community in a convenient and practically undepreciating form, may be equally well, nay, as we believe, very much better, performed (as it is in part today) by paper instruments, suitably guaranteed at their face value. Gold and silver, though actual wealth, are chiefly desired, not for themselves, but because of their powers as go betweens in the exchange of commodities and services. The fact that the balancing of debits and credits is performed largely by one or two specially chosen commodities, while it partially is and might wholly be performed by means of book-accounts and paper credits, is responsible for the confusion that obtains as to the nature of money.

Of course in the case of money which is not of itself actual wealth, but only currently accepted claims upon wealth, the term "capital" obviously cannot accurately be applied to it: an order for produce is not of the same nature as the produce itself. Hence money of that kind which we believe to be the best, and which we hope to establish universally, is *not* capital.

Finally, it is suggested that it would obviate much confusion if (1) a new name were found for the particular designation of "produce directly devoted to pro-

duction"; (2) the word "capital," in its application to individuals only and not the community at large, were used in its popular sense to denote wealth of any kind used in business (*i. e.*, in direct production, or for directly commanding or aiding labor in the performance of marketable services): food, clothing, domestic and personal comforts, and the like are only usefully considered as capital when considering the total capital of a community; and lastly, (3) if money, unless coin money, were denominated "money capital," to distinguish it from the capital which it is its function to enable to pass from hand to hand. Much of what is called "capital" today consists of credits only, and is properly "money-capital" (or better, perhaps, credit-capital).

Yours very sincerely,

A. E. Porter.

Paddington, London, England, May 7, 1893.

Money is Capital.

To the Editor of Liberty:

In Liberty of May 6 (No. 270) Mr. Trinkaus supports a statement made by himself previously that money is not capital, and also restates the opinion that only that is capital which aids in the production of useful substances. This definition, if true, may be said to settle the question; but is it true? If true, it limits the application of the term capital, restricting it to tools or fixed capital and excluding materials or circulating capital; it virtually declares that plant is capital, but that stock is not capital.*

Most instructive, but rather disappointing, is Wordsworth Donisthorpe's investigation of capital in "Principles of Plutology" (Williams & Norgate, London, 1876). He concludes that "capital is that the value of which is *due* to the value of its products." For one thing, this will probably be held to agree with Mr. Trinkaus's view, because, as the list of illustrative commodities enumerated by Mr. Donisthorpe does not include say boots on the shelf of a boot-retailer awaiting sale, it likewise excludes gold held for sale or, as it is called, in circulation; this conclusion would be enforced by the special case of a casket of diamonds cut and polished, which is expressly excluded from the classification of capital without consideration as to whether held for sale or held for consumption. But there is another aspect of Mr. Donisthorpe's definition from which it might be held to include all wealth, because the value of all commodities is in a very true sense due to the value of their product, — namely, pleasure, — and some such durable products as diamonds and gold may be said to yield this final of all products during a very long period as they slowly wear away or are lost. This is not such a metaphysical nor such an unnecessary refinement as may at first sight be supposed. A currency "reformer" of some pretension objected to a standard economist including the housemaid who placed coal upon the fire in the class of producers side by side with the collier who hewed the coal, but, when it is taken into account that the consumer consumes warmth and not coal, the accuracy of the classification becomes apparent. A bicycle, to take a further illustration, may be used "for pleasure," in which case it is being directly consumed, or it may be used "in business," when its value would be due to the value of its product, if any, — that is to say, to the distribution of commodities either in a finished or in an unfinished state, in which latter case the distribution would be a subsidiary process in their course of production. Mr. Donisthorpe exemplifies the difficulty of separating commodities into the classes of tools and materials. His hints upon this difficulty seem to imply that he regards the distinction as arbitrary and worthless. From his treatment of this part of the subject he would seem to admit that raw or component materials were capital, and it would therefore appear unsound to exclude them when finished. Thus diamonds uncut and unpolished would seem to fall in with his definition as capital. Why, then, should the combination of the raw diamond with the process of grinding and polishing vanish from the class so soon as its value is directly ascertained by its utility, instead of indirectly from its deferred utility when combined in a subsequently arising commodity, — the finished article.

If these considerations are valid, they would seem to lead to a very different conception of capital from that generally adopted, if the term is worth retention at all. The factor common to all the cases of capital, if this term does include the casket of diamonds so long as it is found amongst the stock of the jeweler, appears to be the commercial one of being more or less directly in the market for exchange either in itself or in its products. The defect of such a view would be that the implements and stock of an isolated but industrious individual would be excluded. If this be regarded as a fatal defect, there would seem to be no room for any other conclusion than that all wealth is capital, or that implements alone are properly thus described, — ignoring or denying the extreme difficulty of discriminating between tools and materials.

Of the two the former seems the more tenable view. In any case it ought never to be forgotten that gold is a useful material, and that, even when it is coined, it is practically in the raw state and is simply a part of the stock in-trade of the world in general so long as it is not taken over for consumption by the holder; and further that, even when held for consumption, its utility is so prolonged that its mere presence in quantity exercises a force upon the markets which may be liberated if the store of metal pass into the hands of a person more desirous of other pleasures than of those which the wearing of gold can confer. In dire famine gold pleasure has to be surrendered for food pleasure, and, should the famine be extreme, the prospect of gold pleasure, either for the holder himself or for others to whom he may look to offer it in exchange, falls to nil, prices become infinite, and gold ceases to be valuable. In all other circumstances gold is as truly capital as wheat, and possibly as truly as ships, ploughs, lathes, looms.

J. Greevz Fisher.

78 Harrogate Road, Leeds, England, May 19, 1893.

*Just the reverse, surely. Money and wheelbarrows fall under the head of tools. — *Wordsworth Donisthorpe.*

A Question Not Worth Answering.

IN REPLY TO J. GREEVZ FISHER.

To the four cardinal vices I would add a fifth, — hair-splitting.

A peach is never gathered ripe, you say; it is either under-ripe or over-ripe. Very likely; and yet we know the difference between what we call a ripe peach and a blossom or a little green peach the size of an olive. Practically the word "ripe" serves a purpose.

Again, above my head hangs a luscious peach, — say about ten feet above. In order to reach it, I must go into the house, bring out a chair, stand on it, and reach out my hand. I value my efforts at something. Therefore, you say, that peach is not directly enjoyable; it is capital. Very likely again. Here is a rhubarb pie, so sour that no one will touch it. By the addition of a farthing's-worth of sugar, it becomes delicious. Therefore, you say, it is capital, and not directly-enjoyable wealth. Possibly; but consider the *proportion*. I say that directly-enjoyable wealth (fruenda) and capital shade off one into another gradually and imperceptibly, just as a peach becomes ripe and then over-ripe.

I eat the peach, and I plant the stone. There I have a potential peach-tree loaded with peaches. But the enjoyment of that stone is deferred and doubtful. If it is wealth, it is certainly capital. Much more of value must be added to it from the environment than a thousand times its own value.

Your instance of boots on a shelf for sale is similar to the above. You *may* call them capital, if you like. If they were on the top of the Himalayas, I *should* call them capital; because the value to be added before they became fruenda would be considerable, in proportion to their own value.

As to whether gold-money is capital, the answer turns upon the further question: Would the value of gold fall perceptibly — considerably — if gold were demonetized by international convention, or by the discovery of a more suitable medium, or otherwise? I think not. If not, then gold is not capital. If it fell, it would show that its value had been dependent on the demand for it as an instrument of transport, like wheelbarrows, — as a kind of fixed capital (or tool) for facilitating exchange, — *i. e.*, transport. On the whole, I should say, the question is not worth answering any more than my former question whether a sour rhubarb pie is capital or not. Whether or no, both commodities approximate so closely to fruenda that for *practical* purposes we may regard them as such; just as we regard a peach as ripe which requires another half-hour's sunshine. Between a plough and a sirloin of beef there is a great gulf fixed, which all can recognize; between a raw sirloin and a roast one the gulf is much narrower; between a roast sirloin in the kitchen and a roast sirloin on the dining-room table it is still narrower. Those who are fond of hair-splitting can point out that the joint on the table still requires carving and distributing. So it does, but what of it?

As I have always held, if the word capital is worth having, it is worth using for practical purposes. We really do not want to know how many angels could stand on the point of a needle, or when a chair ceases to be a chair. If you break off one leg, is it a chair? If four legs? If you break the back off and the four legs and knock the bottom out, is it still a chair? Very interesting, no doubt; but I have no time to pursue the inquiry.

But capital, as I use the term, has a meaning and a practical utility. Every country has a stock of wealth. Part of this wealth exists in the form of fruenda, available for the immediate consumption of the population. The rest requires to be mixed or combined with other wealth, from which combination will result more fruenda available for future consumption. This I call capital. Still I recognize that it would be a mockery to describe as capital some things which logically fall into that category; such as the nut which has to be broken into, or the bicycle which may be used for distribution (*i. e.*, production), but the price of which is determined by the demand for bicycles as a means of direct gratification.

The greater the proportion which *capital* bears to *fruenda*, the richer, other things equal, the country is.

Wordsworth Donisthorpe.

Altgeld.

No, nor yet is the breed of brave men ended,
  Nor all our trusted bought and sold like swine!
  Altgeld, methinks this ringing deed of thine
Approves thee hero of the Right defended.
So far as one man may, thou hast amended
  Chicago's shame, and Liberty shall twine
  Upon thy brows her laurels for a sign
And Justice hold thy loyalty commended.

Most fine and fearless this, for very well
'Twas known to thee that Politics holds hell
Of endless hate when men like thee rebel.

O beauteous opportunity thee lent,
To loose the locks of foul imprisonment:
"Behold, O world, these men are innocent!"

J. Wm. Lloyd.